



# EARNINGS RELEASE

PRESS RELEASE

## VIDEOCONFERENCE

**April 1<sup>st</sup> 2024, Thursday**

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**4Q  
23**

**CSED**

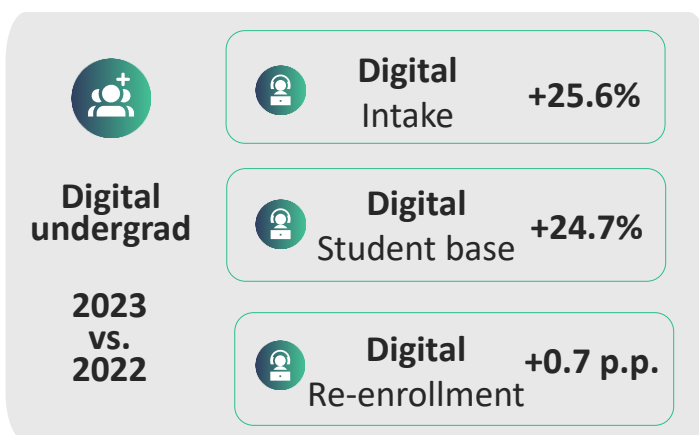
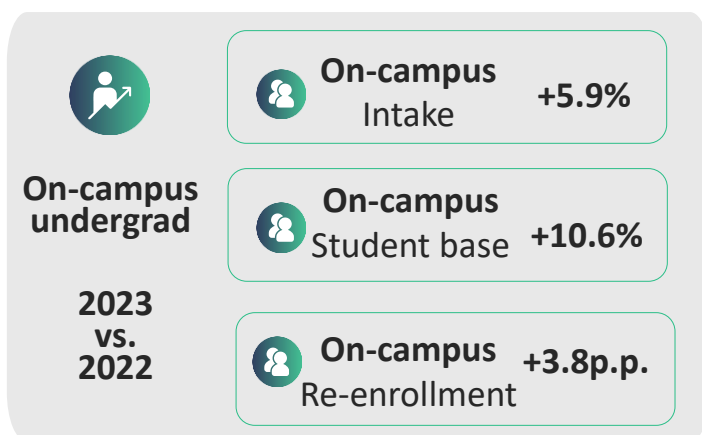
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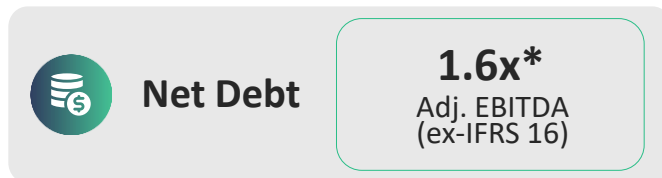
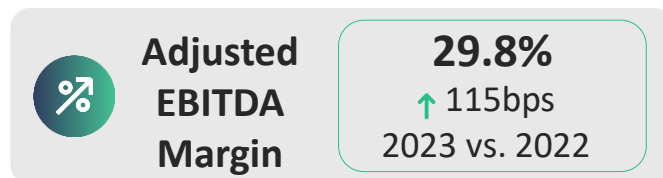
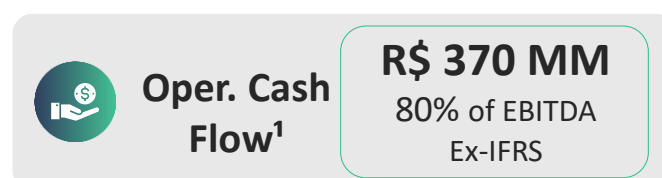
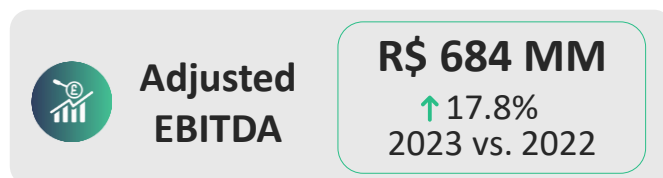
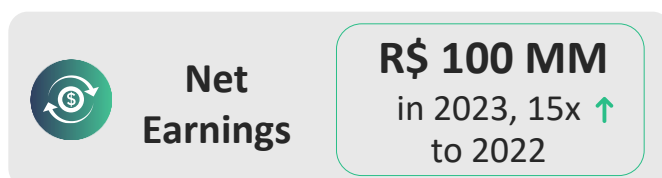
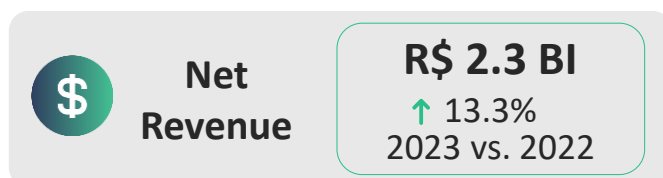
# SÃO PAULO, March 28<sup>th</sup>, 2024

Cruzeiro do Sul Educacional ("Cruzeiro do Sul" or "Company") (CSED3) announces today its results for the fourth quarter of 2023 (4Q23). The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and with international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB).

## OPERATIONAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS



<sup>1</sup> EBITDA Ex-IFRS 16 – Working Capital - Taxes

\* Net Financial Debt/EBITDA LTM ex-IFRS 16

# DISCLAIMER

This presentation may contain forward-looking statements. These forecasts only reflect expectations of the Company's managers regarding future economic conditions, as well as the Company's performance, financial performance and results, among others. The terms "anticipates", "believes", "expects", "predicts", "intends", "plans", "projects", "objective", "should", and similar terms, which, of course, involve risks and uncertainties that may or may not be expected by the Company and therefore are not guarantees of future results of the Company and therefore the future results of the Company's operations may differ from current expectations and the reader should not rely exclusively in the information contained herein. The Company does not undertake to update the presentations and forecasts in the light of new information or its future developments. The values reported for 2024 onwards are estimates or targets. The financial and operational information set out in this presentation is rounded off. The total amount is presented in the tables and graphs could therefore differ from the direct numerical aggregation of the preceding numbers. Non-financial information contained herein, as well as other operational information, were not audited by independent auditors. No investment decision should be based on validity, accuracy or completeness of the information or opinions contained in this presentation.



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# Cruzeiro do Sul Educacional

is one of the largest quality-focused education group in Brazil with more than 469k\* students in 27<sup>1</sup> campuses and more than ~1,650 hubs

## ON-CAMPUS



149k\*  
STUDENTS



27<sup>1</sup>  
CAMPUSES



 **UDF**  
Centro  
Universitário

 **Universidade  
POSITIVO** 

 **FSG**  
Centro  
Universitário  
 **Cesuca**  
Centro Universitário

 **UNIPÊ**  
Centro Universitário  
de João Pessoa 

 **Universidade  
Cruzeiro do Sul**

 **UNICID**  
Universidade  
Cidade de S. Paulo 

 **UNIFRAN**  
Universidade  
de Franca 

 **CEUNSP**  
Centro Universitário  
N. Sra. do Patrocinio

 **Braz Cubas**  
Centro Universitário

 **Módulo**  
Centro  
Universitário



 **Universidade  
Cruzeiro do Sul**

 **Universidade  
POSITIVO**

 **UNIFRAN**  
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Universitário

 **UNICID**  
Universidade  
Cidade de S. Paulo

 **UNIPÊ**  
Centro Universitário  
de João Pessoa

 **Braz Cubas**  
Centro Universitário

 **Cruzeiro do Sul Virtual**  
Educação a distância



## DIGITAL



320k  
STUDENTS



~1,650  
HUBS

\*Includes ~ 4k students on basic education on Dec/2023

<sup>1</sup> Number of campuses as recorded in the MEC's basis

 Brands that work with Medicine

The year 2023 was marked by important advances in the Company's strategic plan, with the consolidation of the business model focused on 3 business units. We implemented the BU of Health with an initial focus on leveraging the Medicine and Dentistry courses. We strengthened the senior team with the arrival of André Raeli, who has vast experience in the segment, so that we could move beyond undergraduate courses, with free courses and postgraduate degrees. Health-related courses, in addition to Medicine and Dentistry, have become increasingly important in recent years, mainly due to their high adherence to on-campus modality, and already represent 51% of the student base and 68% of revenue in the segment.

It is worth noting that our postgraduate portfolio already includes courses offered in partnership with two international institutions that are important in their respective fields, and which we hope to expand more quickly. The first is with the MARC Institute, in Miami, which offers free courses in Medicine, currently offered under the Unicid, in São Paulo and Universidade Positivo, in Curitiba brands. The second was with the University of Alcalá de Henares, in Spain, which offers undergraduate and postgraduate courses in Dentistry. With this move, we have completed the construction of the foundation that guides the Company's business lines, with Digital BU, On-campus BU and Health BU.

Starting with on-campus, we restructured the curriculum as a way to provide a better experience for students, deliver greater quality and differentiate our products, as well as unlocking productivity gains. In Digital, we team up with "FURIA", one of the most important organizations in the eSports (electronic sports) scene and the gamer universe, with the aim of connecting and improving our understanding of the current profile of actual and future students which are digital natives. In addition, we signed a partnership with Google Cloud to offer postgraduate courses, aiming to bring more innovation and industry approval to our products. The purpose is to increase the reach of our brands by creating partnerships with established companies in certain segments, offering updated and practical training.

Another relevant movement was the alliance signed with Hapvida NotreDame Intermédica, the largest healthcare operator in Latin America, with the intent of boosting the training of healthcare professionals, providing internships and practical learning to DL students in hospital environments. The partnership aims to further improve the quality of teaching, in addition to meeting Hapvida's demand for professionals in the health area and integrating students with the current demands of the job market.

On the academic side, the highlights of 2023 were: **(i)** leadership in the ranking of listed players for the Continuous General Course Index (IGC) weighted by the number of enrollments, reaffirming our commitment to delivering a quality product to our students; **(ii)** reaching the milestone of 69% of our institutions with a maximum grade of 5, according to the MEC's Institutional Concept (CI), an advance of 46 p.p. vs. 2022; **(iii)** ranking, for the second consecutive year, of UNIFRAN in Times Higher Education as the best private HEI in Brazil (rising 4 positions in the Latin American ranking) and the presence, for the first time, of Ceunsp and Braz Cubas in the ranking **(iv)** selection of the project of professors from the Unifran Postgraduate Program in Sciences, to represent Brazil at the World Climate Conference (COP27), organized by the United Nations and **(v)** accreditation of the UNIFRAN Medicine course by the Medical Schools Accreditation System of the Federal Council of Medicine (SAEME-CFM), the only certifier quality of medical schools in Brazil. With this distinction, the course, which began in 2012, is now part of a select group of 42 recognized schools, which only 26 are private.

In the technological sphere, we continue to build our journey of digitizing the company, always aiming for two major objectives: delivering a better and more engaging experience for our students and operational productivity gains. We launched the "Duda" APP, as a goal of improving the student journey, meeting the main demands within the administrative spheres, becoming a unified, agile and closer relationship channel for the student. We also made progress in automating backoffice processes, which reduced the volume of customer service at the Student Service Center by ~48% and reduced the steps required to complete re-enrollments by ~70%.

We created an operational and management platform for our hub partners, enabling greater commercial agility at the top and easier management of the student base by the hub. We introduced postgraduate e-commerce, with a 70% reduction in the number of clicks for contracting and 24x7 sales for this entire portfolio. In conjunction with a major technology company, we developed prediction models that can help reduce dropout rates, a project that is now being piloted in the 2024.1 cycle. Finally, we improved our dynamic pricing model, helping to maximize results more quickly and efficiently.

Moving on to operational and financial themes, the year 2023 was marked by important achievements. In On-campus undergraduate programs, we ended the year with 141 thousand students, an increase of 10.6% vs. 2022, the second consecutive year of growth in the post-pandemic (15.4% growth vs. 2021) vs. a significant drop in the On-campus segment in Brazil. In On-campus re-enrollment, we renewed our record, growing 3.8 p.p. vs. 2022 and reaching 91.2% in 2H23, as a reflection of our employee retention and incentive alignment initiatives. With regard to the On-campus ticket, we managed to grow throughout the year, recovering our 2H22 levels.

In Digital undergraduate, we renewed the record in the volume of intake 25.6% above 2022, ending the undergraduate base with 296 thousand students, an expansion of 24.7% vs. the previous year. In Digital re-enrollment, we grew 1.9 p.p. in 1H23 and 1.4pp in 2H23, reaching 78.5% re-enrollment in 2H23. With regard to the Digital ticket, we also grew throughout the year, but the greater participation of freshmen in the base (+11.3 p.p. in 1H23 and +0.7 p.p. in 2H23) and the greater demand for 100% online courses impacted the ticket, that fall by 1.7% in 1H23 and 2.0% in 2H23.

As for financial results, we ended the year with net revenue of R\$2.3 billion, 13.3% higher than in 2022, as a reflect of the expansion of all the Company's business lines. Adjusted EBITDA reached R\$684 million, with a margin of 29.8%, an expansion of 1.2 p.p. vs. the previous year, as a reflection of (i) efficiency gains in general and administrative expenses, (ii) the 1pp improvement in PDA, which mitigated the impact of higher marketing expenses in the period. Net Profit reached R\$100 million, with a net margin of 4.4%, one of the highest in the sector, and operating cash generation was R\$370 million, an expansion of 21.6% vs. 2022.

Finally, the Company's leverage remained stable at 1.6x (vs. 2022), even after the distribution of R\$121 million in dividends to shareholders and share buybacks in the last 12 months, which represented a distribution to shareholders (Dividends plus Buybacks on EBITDA ex-IFRS-16) of 26%, the highest level since the IPO in 2021.

# OPERATIONAL PERFORMANCE

# ON-CAMPUS

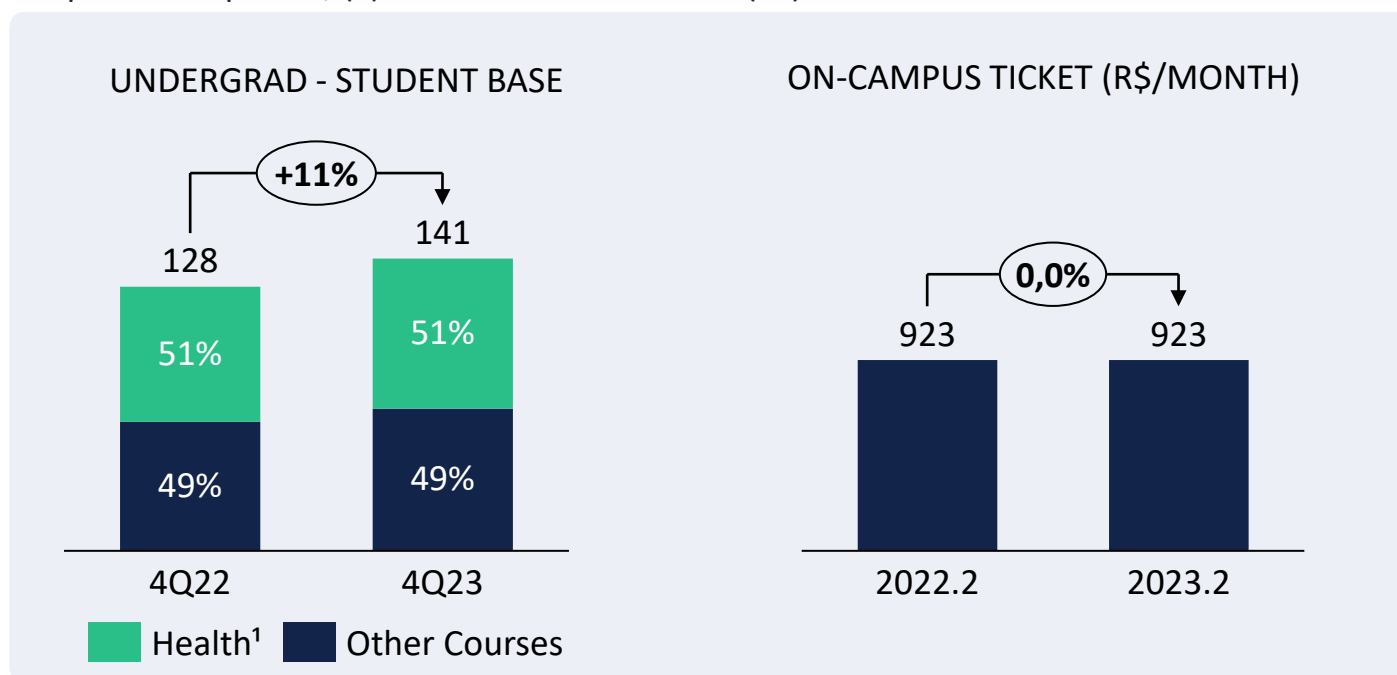
## Expansion in the On-campus student base and improvement of the retention KPI

We ended 2023 with 149 thousand students, an expansion of 10.5% vs. the previous year, as a reflection of continuous efforts to improve student retention (+3.8 p.p. vs. 2022).

On-Campus	2023.2	2022.2	Y/Y
<b>BoP</b>	<b>153</b>	<b>139</b>	<b>10,0%</b>
Intake	27	26	1,3%
Dropout	(24)	(23)	6,6%
Graduation	(7)	(7)	(7,8%)
Gra School and K12	0	(0)	-
<b>EoP</b>	<b>149</b>	<b>135</b>	<b>10,5%</b>

## Penetration of health students relevant in the mix

The global ticket (freshmen + seniors) for on-campus graduation in the 2023.2 was stable vs. the same period as the previous one. The 0.8 p.p. improvement in re-enrollment in the second semester mitigated the impacts of, impacted by (i) the crop of newcomers during the pandemic period, (ii) mix between units and (iii) mix of courses.



\*Ticket = Net Rev./Final Student Base (freshmen + senior) - Managerial numbers, unaudited

<sup>1</sup> Health: Medicine, Psychology, Biomedicine, Biological Sciences, Physics Ed, Nursing, Pharmacy, Physiotherapy, Speech Therapy, Hospital Management, Veterinary Medicine, Nutrition, Dentistry, Optometry, Radiology and Occupational Therapy



# DIGITAL



## Strong expansion in intake and student base; improvement of student retention

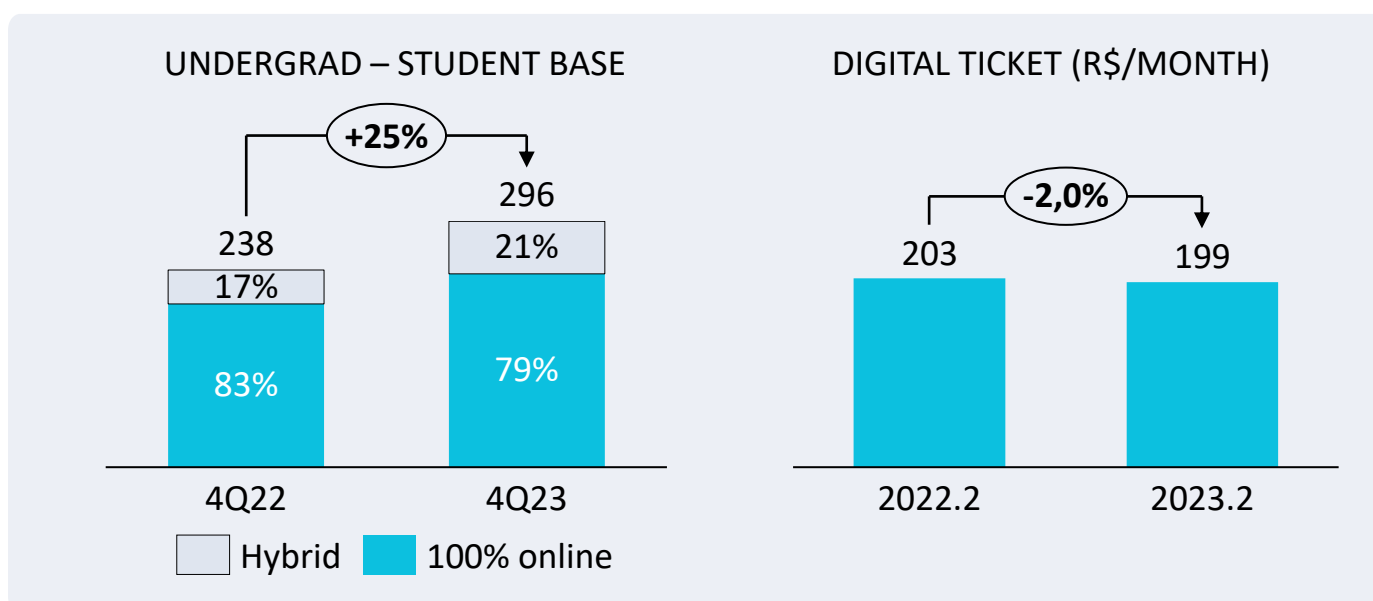
Growth of 19.8% in intake cycle for 2023.2, ending the student base at 320k, an expansion of 18.9% vs. the same period of the previous year. Additionally, there is an improvement of 1.4 p.p. on re-enrollment KPI vs. last year, as a result of investment initiatives in technology, focused on the student experience.

DL	2023.2	2022.2	Y/Y
<b>BoP</b>	<b>315</b>	<b>248</b>	<b>26,7%</b>
Intake	133	111	19,8%
Dropout	(93)	(84)	9,7%
Graduation	(20)	(18)	14,2%
Gra School and K12	(15)	12	-
<b>EoP</b>	<b>320</b>	<b>269</b>	<b>18,9%</b>

## Freshman price dynamics pressuring the global ticket

The average ticket for digital graduation fell by 2.0% in the 2023.2, respectively, as a result of (i) the mix of freshmen in the base, as a consequence of strong intake in the period (+19.8% vs. 2022.2) and (ii) more competitive entry price dynamics.

Hybrid student base already represents 21% of the digital student base (+4.1 p.p. vs. 4Q22).



\*Ticket = Net Rev./Final Student Base (freshmen + senior)  
 Managerial numbers, unaudited

# FINANCIAL PERFORMANCE



# NET REVENUE 4Q23 & 2023

## FINANCIAL DATA

**Expansion in all segments reflecting improvement in intake and re-enrollment y/y**

R\$ million	4Q23	4Q22	%	2023	2022	%
On-campus	419,1	376,0	11,4%	1.641,7	1.489,3	10,2%
Health courses <sup>1</sup>	284,6	253,7	12,2%	1.116,7	998,8	11,8%
Digital	198,2	162,1	22,3%	725,0	603,2	20,2%
<b>Revenue net of scholarships, cancellations and discounts</b>	<b>617,2</b>	<b>538,1</b>	<b>14,7%</b>	<b>2.366,7</b>	<b>2.092,5</b>	<b>13,1%</b>
Other revenues	3,7	2,3	56,0%	12,6	10,4	21,5%
Taxes	(21,6)	(18,6)	16,3%	(81,5)	(74,5)	9,4%
<b>Net Revenue</b>	<b>599,3</b>	<b>521,9</b>	<b>14,8%</b>	<b>2.297,8</b>	<b>2.028,3</b>	<b>13,3%</b>

**4Q23    2023**

**★ CONSOLIDATED NET REVENUE                    +14.8% | +13.3%**

Consolidated net revenue in the quarter reached R\$ 599.3 million, 14.8% higher than 4Q22, reflecting the increase in the consolidated student base (+16.1%). While in 2023 revenue reached R\$ 2.3 billion, 13.3% higher than 2022.

**★ ON-CAMPUS NET REVENUE                    +11.4% | +10.2%**

Net revenue after scholarships, cancellations and discounts for on-campus increased 11.4%, reaching R\$ 419,1 million, reflecting the larger student base (+10.5%). In 2023, the expansion was 10.2% reaching R\$ 1.6 billion.

**★ HEALTH NET REVENUE                    +12.2% | +11.8%**

In on-campus, courses focused on the health area (with on-campus profile) grew 12.2% in the quarter and 11.8% in 2023. Health revenue represents ~68% of on-campus revenue vs. 67% last year.

**68%**  
ON-CAMPUS  
NET REVENUE

**★ DIGITAL NET REVENUE                    +22.3% | +20.2%**

Net revenue after scholarships, cancellations and discounts for digital increased 22.3% in the quarter, reaching R\$ 198.2 million, as a result of the larger student base (+18.9%) and the continued expansion of the hubs (+246; 17.5%). In 2023, revenue expanded by 20.2%, reaching R\$ 725.0 million.

**+246**  
HUBS

# GROSS PROFIT 4Q23 & 2023

## FINANCIAL DATA

**Expansion of 466bps in 4Q23 adjusted gross margin, reflecting cost management discipline**

R\$ million	4Q23	4Q22	%	2023	2022	%
Labor	(183,4)	(179,8)	2,0%	(691,8)	(647,1)	6,9%
Right of use amortization	(31,8)	(30,5)	4,3%	(127,2)	(120,4)	5,7%
Revenue share - DL hubs	(43,1)	(37,7)	14,3%	(164,9)	(135,6)	21,6%
Other costs	(61,3)	(54,6)	12,4%	(214,1)	(177,1)	20,9%
<b>Gross Profit</b>	<b>279,6</b>	<b>219,2</b>	<b>27,6%</b>	<b>1.099,8</b>	<b>948,1</b>	<b>16,0%</b>
<b>Gross Margin</b>	<b>46,7%</b>	<b>42,0%</b>	<b>+466bps</b>	<b>47,9%</b>	<b>46,7%</b>	<b>+112bps</b>
Non recurring	-	-	-	1,0	-	-
<b>Adjusted Gross Profit</b>	<b>279,6</b>	<b>219,2</b>	<b>27,6%</b>	<b>1.100,7</b>	<b>948,1</b>	<b>16,1%</b>
<b>Adj. Gross Margin</b>	<b>46,7%</b>	<b>42,0%</b>	<b>+466bps</b>	<b>47,9%</b>	<b>46,7%</b>	<b>+116bps</b>



Gross profit in the quarter reached R\$279.6 million, 27.6% above 4Q22, with a margin of 46.7% (+4.7 p.p y/y). The expansion in gross margin in the period is a reflection of a comparison base in 4Q22, which was impacted by the provision for faculty collective union agreements retroactive to March/22 and by adjustments in the academic curriculum. Added to this are efficiency gains in the personnel line, the result of initiatives implemented with the curriculum adjustments. It is worth noting that the cost line was pressured by the increase in the revenue share with the DL Hubs, as a result of the expansion of Digital revenue (+22.3%) and student base in third-party hubs (+26.9%).



In 2023, gross profit expanded by 16.0%, reaching R\$1.1 billion, with a gross margin of 47.9% (+1.1 p.p. vs. 2022). The increase in gross margin for the period is a reflection of efficiency initiatives, mainly in the labor line, which mitigated the increase in the revenue share with DL Hubs line, given the increase in digital revenue and the “other costs” line, which was impacted by the increase in third-party services focused on technology area and the progression of courses in the health area, with a greater volume of laboratory classes.

# ADJUSTED EBITDA 4Q23 & 2023

## FINANCIAL DATA

**EBITDA margin expansion reflecting improvement in gross profit and PDA**

R\$ million	4Q23	4Q22	%	2023	2022	%
<b>Gross Profit</b>	<b>279,6</b>	<b>219,2</b>	<b>27,6%</b>	<b>1.099,8</b>	<b>948,1</b>	<b>16,0%</b>
<b>Gross Margin</b>	<b>46,7%</b>	<b>42,0%</b>	<b>+466bps</b>	<b>47,9%</b>	<b>46,7%</b>	<b>+112bps</b>
SG&A	(129,2)	(100,1)	29,1%	(451,1)	(409,5)	10,2%
PDA	(43,2)	(40,3)	7,3%	(131,4)	(135,4)	(2,9%)
<i>PDA/Revenue</i>	<i>(7,2%)</i>	<i>(7,7%)</i>	<i>+51bps</i>	<i>(5,7%)</i>	<i>(6,7%)</i>	<i>+95bps</i>
D&A	(43,2)	(39,5)	9,5%	(137,2)	(118,4)	15,9%
Other revenues	9,7	7,9	22,8%	32,1	26,8	20,0%
<b>EBIT</b>	<b>73,7</b>	<b>47,2</b>	<b>56,0%</b>	<b>412,1</b>	<b>311,6</b>	<b>32,2%</b>
D&A	75,0	70,0	7,2%	264,4	238,8	10,7%
<b>EBITDA</b>	<b>148,7</b>	<b>117,2</b>	<b>26,9%</b>	<b>676,5</b>	<b>550,4</b>	<b>22,9%</b>
<b>EBITDA Margin</b>	<b>24,8%</b>	<b>22,5%</b>	<b>+236bps</b>	<b>29,4%</b>	<b>27,1%</b>	<b>+231bps</b>
Non recurring <sup>1</sup>	4,4	6,4	(32,0%)	7,7	30,2	(74,6%)
<b>Adjusted EBITDA</b>	<b>153,1</b>	<b>123,7</b>	<b>23,8%</b>	<b>684,2</b>	<b>580,6</b>	<b>17,8%</b>
<b>Adj. EBITDA Margin</b>	<b>25,5%</b>	<b>23,7%</b>	<b>+185bps</b>	<b>29,8%</b>	<b>28,6%</b>	<b>+115bps</b>



Adjusted EBITDA in the quarter reached R\$ 153.1 million, 23.8% above 4Q22 with a margin of 25.5% (+1.8 p.p. vs. the same period of the previous year).

Despite the improvement in the Provision for doubtful accounts (PDA) line, which went from 7.7% of Net Revenue in 4Q22 to 7.2% in 4Q23, the higher marketing expenses put pressure on margin expansion. The improvement in PDA in the quarter is the result of the improvement in the collection management model.



Adjusted EBITDA reached R\$684.2 million in 2023, 17.8% higher when compared to the same period of the previous year, with a margin of 29.8%, an improvement of 1.2 p.p. vs. 2022.

The expansion of gross margin (+1.1 p.p. vs. 2022), added to (i) efficiency gains in general and administrative expenses, (ii) the improvement in PDA (5.7% of Net Revenue vs. 6.7% in 2022), (iii) and the increase in revenue from the rental of spaces for events (+20% vs. 2022), mitigated the impact of higher marketing expenses in the period (+1.1 p.p. vs. 2022).

# NET EARNINGS 4Q23 & 2023

## FINANCIAL DATA

### Expansion in Net Earnings, reflecting operational improvement

R\$ million	4Q23	4Q22	%	2023	2022	%
<b>EBITDA</b>	<b>148,7</b>	<b>117,2</b>	<b>26,9%</b>	<b>676,5</b>	<b>550,4</b>	<b>22,9%</b>
D&A	(75,0)	(70,0)	7,2%	(264,4)	(238,8)	10,7%
Financial Result	(32,5)	(29,3)	10,8%	(212,4)	(178,0)	19,3%
Lease liability interest	(32,2)	(31,4)	2,6%	(95,4)	(125,6)	(24,0%)
Taxes	(2,1)	(2,0)	3,4%	(3,9)	(1,4)	172,0%
<b>Net Earnings</b>	<b>6,9</b>	<b>(15,5)</b>	-	<b>100,5</b>	<b>6,6</b>	-
Non recurring expenses	4,4	6,4	(32,0%)	7,7	30,2	(74,6%)
<b>Adj. Net Earnings*</b>	<b>11,3</b>	<b>(9,1)</b>	-	<b>108,1</b>	<b>36,8</b>	<b>193,6%</b>



Adjusted net earnings in the quarter was R\$ 11.3 million vs. an adjusted net loss of R\$ 9.1 million in 4Q22. The increase in net profit is the result of the improvement in EBITDA, combined with the reduction in gross debt.


Adjusted net earnings in 2023 was R\$ 108.1 million, an improvement of 2,9x when compared to the same period of the previous year.

\*Adjusted Net Income: management information / Non-Recurring, details on pg. 20

# ACCOUNTS RECEIVABLE 4Q23 (LTM)

## FINANCIAL DATA

R\$ million	4Q23	4Q22	%
<b>Gross Receivables</b>	<b>640,6</b>	<b>541,7</b>	<b>18,3%</b>
PDA	(344,3)	(290,9)	18,4%
<b>Net Receivables</b>	<b>283,4</b>	<b>237,4</b>	<b>19,4%</b>
<b>Days of Receivables LTM*</b>	<b>44</b>	<b>42</b>	<b>+2 days</b>

 The days of receivables in 4Q23 increased by 2 days vs. o 4Q22, reaching 44 days, mainly due to agreements made.


\*Last Twelve Months DoR: Accounts Receivable/Net Revenue for the LTM\*360

# CAPEX\* 4Q23 & 2023

## FINANCIAL DATA

**Investments in infrastructure and technology aimed at the best student experience**

R\$ million	4Q23	4Q22	%	2023	2022	%
Infrastructure / Technology	(64,0)	(51,5)	24,3%	(202,9)	(136,7)	48,4%
Expansion	-	(2,2)	-	-	(8,2)	(100,0%)
<b>Capex</b>	<b>(64,0)</b>	<b>(53,7)</b>	<b>19,2%</b>	<b>(202,9)</b>	<b>(144,9)</b>	<b>40,0%</b>

 Investments in 4Q23 were approximately R\$64.0 million, an increase of 19.2% vs. 4Q22. In 2023, investments were approximately R\$202.9 million, an increase of 40.0% vs. 2022, as a reflection of investments in new laboratories given the progression of classes in health courses.

\*Management information

# OPERATING CASH FLOW 4Q23 & 2023

## FINANCIAL DATA

**Working Capital impacted by the resumption of collective vacations on 4Q23; Increase in cash generation as a result of operational improvement in the year**

R\$ million	4Q23	4Q22	%	2023	2022	%
IFRS-16 EBITDA	148,7	117,2	26,9%	676,5	550,4	22,9%
Rent	(53,6)	(52,1)	2,9%	(212,6)	(201,9)	5,3%
<b>Ex-IFRS EBITDA</b>	<b>95,2</b>	<b>65,2</b>	<b>46,1%</b>	<b>463,9</b>	<b>348,5</b>	<b>33,1%</b>
Working Capital <sup>1</sup>	(107,8)	61,3	-	(89,9)	(36,9)	143,9%
Taxes	(1,5)	(1,7)	(12,4%)	(3,7)	(7,0)	(47,4%)
<b>Oper. Cash Flow</b>	<b>(14,1)</b>	<b>124,8</b>	-	<b>370,3</b>	<b>304,7</b>	<b>21,6%</b>
<b>OCF/Ex-IFRS EBITDA</b>	<b>(14,8%)</b>	<b>191,5%</b>	-	<b>79,8%</b>	<b>87,4%</b>	<b>-759bps</b>
Capex	(64,0)	(31,2)	-	(202,9)	(144,9)	40,0%
<b>Free Cash Flow</b>	<b>(78,1)</b>	<b>93,6</b>	-	<b>167,4</b>	<b>159,8</b>	<b>4,8%</b>
<b>FCF/Ex-IFRS EBITDA</b>	<b>(82,0%)</b>	<b>143,7%</b>	-	<b>36,1%</b>	<b>45,8%</b>	<b>-975bps</b>
Non recurring	4,4	6,4	(32,0%)	7,7	30,2	(74,6%)
Adj. Free. Cash Flow <sup>2</sup>	(73,7)	100,1	-	175,1	190,0	(7,8%)



Operating cash generation in 4Q23 was negative at R\$14.1 million, vs. positive cash generation of R\$124.8 million in 4Q22. Working Capital in 4Q23 was mainly impacted by the collective vacations granted to employees in December 2023, a period of low student demand, vs. December 2022 when there were no collective vacations.



Operating cash generation in 2023 was R\$370.3 million, 21.6% above 2022, and reached 80% of EBITDA Ex-IFRS.

It is worth noting that working capital in the period was impacted by the increase in the average collection period of 2 days, due to the greater volume of payments made with credit cards and ongoing agreements.

<sup>1</sup>Working Capital: Assets (Accounts receivable, Taxes recoverable and Other receivables) and Liabilities (Suppliers, Obligations with related parties, Labor obligations, Tax obligations, Advances from customers, Deferred income, Other accounts payable)

<sup>2</sup>Management information including non-recurring expenses



# NET DEBT (CASH)

## FINANCIAL DATA

**Leverage indicator stable in 1.6x vs. 4Q22**

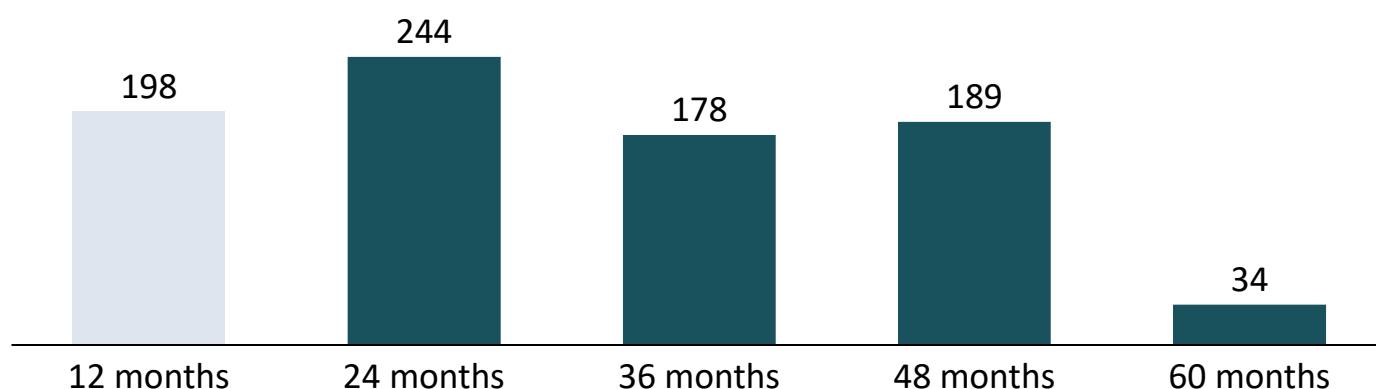
R\$ million	4Q23 (a)	4Q22 (b)	(a)/(b)	3Q23 (c)	(a)/(c)
Cash	(522,9)	(852,7)	(38,7%)	(714,8)	(26,8%)
Financial Debt	843,9	1.067,2	(20,9%)	874,6	(3,5%)
Acquisition	421,4	372,8	13,0%	409,8	2,8%
<b>Net Debt (Cash)</b>	<b>742,4</b>	<b>587,2</b>	<b>26,4%</b>	<b>569,5</b>	<b>30,4%</b>
Net Debt/Adj. EBITDA	1,6x	1,6x	1,5%	1,3x	22,7%
Lease	1.325,9	1.306,7	1,5%	1.346,7	(1,5%)
<b>Net Debt (Cash) after Lease</b>	<b>2.068,3</b>	<b>1.893,8</b>	<b>9,2%</b>	<b>1.916,2</b>	<b>7,9%</b>



The Company ended 4Q23 with a Net Debt (ex-lease liabilities) in the amount of R\$ 742.4 million vs. R\$ 587.2 million last year. Net Debt was impacted, mainly by (i) execution of the Buyback Plan in the amount of R\$ 36 million and (ii) by the distribution of dividends in the amount of R\$ 85 million.

\*Net Financial Debt/EBITDA LTM ex IFRS-16

## DEBENTURES AMORTIZATION SCHEDULE – R\$ MILLION



# APPENDIX

# STUDENT BASE

## APPENDIX

### STUDENTS BASE - Q/Q MOVEMENT

End of Period	Total	On-campus	Digital
3Q23	<b>483</b>	154	329
Intake	<b>35</b>	0	35
Dropout	<b>(27)</b>	(4)	(23)
Graduation	<b>0</b>	0	0
Grad school and K12	<b>(22)</b>	(0)	(21)
4Q23	<b>469</b>	149	320

### STUDENTS BASE – BY ENROLLMENT TYPE

Students (000)	4Q23	4Q22	YoY
On-campus graduation	137	124	10,9%
Med school	4	4	3,8%
Gra school and K12	8	7	8,3%
<b>On-campus</b>	<b>149</b>	<b>135</b>	<b>10,5%</b>
Digital graduation	296	238	24,7%
Hybrid	63	41	54,2%
Gra School and K12	23	31	(25,2%)
<b>Digital</b>	<b>320</b>	<b>269</b>	<b>18,9%</b>
<b>Total</b>	<b>469</b>	<b>404</b>	<b>16,1%</b>

# HUBS E CAMPUSES

## APPENDIX

### INFRASTRUCTURE



EoP	4Q23	4Q22	Δ	%
Digital hubs	1.650	1.404	+246	17,5%
Campuses	27	29	(2)	(6,9%)

- Closure of the operation of our own hub in Ponta Grossa/PR
- Operation of FASS (São Sebastião/SP) unified on the Módulo campus, in Caraguatatuba

# IFRS16 EBTIDA, PRE-IFRS16 EBTIDA & NON-RECURRING

## APPENDIX

### ADJUSTED EBITDA

R\$ million	4Q23	4Q22	%	2023	2022	%
Adjusted EBITDA IFRS-16	153,1	123,7	23,8%	684,2	580,6	17,8%
Rents	(53,6)	(51,8)	3,5%	(212,6)	(201,9)	5,3%
<b>Adjusted EBITDA pre IFRS-16</b>	<b>99,6</b>	<b>71,9</b>	<b>38,5%</b>	<b>471,6</b>	<b>378,7</b>	<b>24,5%</b>
Adjusted EBITDA pre IFRS-16 margin	16,6%	13,8%	+283bps	20,5%	18,7%	+185bps

### NON-RECURRING

R\$ million	4Q23	4Q22	%	2023	2022	%
Openings and Expansions	-	0,4	-	-	4,5	-
M&A/Projects/Terminations	4,4	6,0	(27,4%)	7,7	25,7	(70,1%)
<b>Non Recurring</b>	<b>4,4</b>	<b>6,4</b>	<b>(32,0%)</b>	<b>7,7</b>	<b>30,2</b>	<b>(74,6%)</b>

# P&L

## APPENDIX

R\$ million	4Q23	4Q22	2023	2022
On-campus	419,1	376,0	1.641,7	1.489,3
Health	284,6	253,7	1.116,7	998,8
Digital	198,2	162,1	725,0	603,2
<b>Revenue net of scholarships, cancellations and discounts</b>	<b>617,2</b>	<b>538,1</b>	<b>2.366,7</b>	<b>2.092,5</b>
Other revenues	3,7	2,3	12,6	10,4
Taxes	(21,6)	(18,6)	(81,5)	(74,5)
<b>Net Revenue</b>	<b>599,3</b>	<b>521,9</b>	<b>2.297,8</b>	<b>2.028,3</b>
Labor	(183,4)	(179,8)	(691,8)	(647,1)
Right of use amortization	(31,8)	(30,5)	(127,2)	(120,4)
Revenue share - DL hubs	(43,1)	(37,7)	(164,9)	(135,6)
Other costs	(61,3)	(54,6)	(214,1)	(177,1)
<b>COGS</b>	<b>(319,6)</b>	<b>(302,7)</b>	<b>(1.198,0)</b>	<b>(1.080,2)</b>
<b>Gross Profit</b>	<b>279,6</b>	<b>219,2</b>	<b>1.099,8</b>	<b>948,1</b>
<b>Gross Margin</b>	<b>46,7%</b>	<b>42,0%</b>	<b>47,9%</b>	<b>46,7%</b>
SG&A	(129,2)	(100,1)	(451,1)	(409,5)
D&A	(43,2)	(39,5)	(137,2)	(118,4)
Provision for doubtful accounts	(43,2)	(40,3)	(131,4)	(135,4)
Other revenues	9,7	7,9	32,1	26,8
<b>EBIT</b>	<b>73,7</b>	<b>47,2</b>	<b>412,1</b>	<b>311,6</b>
D&A	75,0	70,0	264,4	238,8
<b>EBITDA</b>	<b>148,7</b>	<b>117,2</b>	<b>676,5</b>	<b>550,4</b>
<b>EBITDA Margin</b>	<b>24,8%</b>	<b>22,5%</b>	<b>29,4%</b>	<b>27,1%</b>
COGS - non recurring	-	-	1,0	-
Expenses - non recurring	4,4	6,4	6,7	30,2
<b>Adjusted EBITDA</b>	<b>153,1</b>	<b>123,7</b>	<b>684,2</b>	<b>580,6</b>
<b>Adjusted EBITDA Margin</b>	<b>25,5%</b>	<b>23,7%</b>	<b>29,8%</b>	<b>28,6%</b>
Financial results	(64,7)	(60,7)	(307,8)	(303,6)
<b>EBT</b>	<b>9,0</b>	<b>(13,5)</b>	<b>104,4</b>	<b>8,0</b>
Taxes	(2,1)	(2,0)	(3,9)	(1,4)
<b>Net Earnings</b>	<b>6,9</b>	<b>(15,5)</b>	<b>100,5</b>	<b>6,6</b>
Non recurring expenses	4,4	6,4	7,7	30,2
<b>Adjusted Net Earnings</b>	<b>11,3</b>	<b>(9,1)</b>	<b>108,1</b>	<b>36,8</b>

# BALANCE SHEET

## APPENDIX

	Dec. 23	Dec. 22
<b>Total Assets</b>	<b>4.515.809</b>	<b>4.707.622</b>
<b>Current Assets</b>	<b>861.873</b>	<b>1.121.194</b>
Cash and Equivalents	522.915	852.743
Accounts Receivables	261.128	215.995
Taxes and Contributions	36.367	28.948
Other Assets	41.463	23.508
<b>Non-current Assets</b>	<b>3.653.936</b>	<b>3.586.428</b>
Long Term Assets	231.197	212.877
Accounts Receivables	22.286	21.393
Judicial Deposits	24.571	23.940
Other Assets	80.073	63.457
Deferred Taxes	104.267	104.087
Investments	146	146
Property and Equipment	583.297	519.784
Right of Use	1.129.737	1.152.355
Intangible	1.709.559	1.701.266
	<b>Dez. 23</b>	<b>Dez. 22</b>
<b>Total Liabilities</b>	<b>3.129.326</b>	<b>3.302.228</b>
<b>Current Liabilities</b>	<b>796.404</b>	<b>656.683</b>
Financial Debt	-	3.770
Bond (Debentures)	198.080	232.154
Suppliers	77.870	69.368
Related Parties	3.166	2.948
Salaries and Payroll Charges	127.201	143.412
Tax Liabilities	57.434	53.446
Dividends	-	1.569
Customer Advance	47.549	40.820
Leasing	107.778	100.379
Acquisitions	169.438	-
Deferred Revenues	722	722
Others	7.166	8.095
<b>Non-Current Liabilities</b>	<b>2.332.922</b>	<b>2.645.545</b>
Bond (Debentures)	645.867	831.242
Salaries and Payroll Charges	10.963	8.494
Tax Liabilities	115.874	129.800
Deferred Taxes	15.693	16.484
Judicial Deposits	60.922	67.487
Leasing	1.218.105	1.206.276
Acquisitions	251.953	372.756
Deferred Revenues	8.785	9.508
Others	4.760	3.498
<b>Shareholder's Equity</b>	<b>1.386.483</b>	<b>1.405.394</b>
Capital	1.203.576	1.203.576
Capital Reserves	102.993	161.978
Earnings Reserves	79.914	62.973
Shares in Treasury	-	(23.133)
<b>Liabilities + Shareholder's Equity</b>	<b>4.515.809</b>	<b>4.707.622</b>

# CASH FLOW

## APPENDIX

	4Q23	4Q22
Profit (Loss) before income taxes	9.009	(13.482)
Depreciation and amortization	43.185	39.455
Right of use amortization	31.844	30.529
Amortization of fund raising costs	172	167
Debt Interests	-	213
Acquisitions Interests	11.629	11.585
Bonds (debentures) Interests	27.243	37.611
Lease Interests	32.195	31.393
PV Assets and Liabilities	(2.301)	(284)
Judicial Deposits Provision	3.249	1.537
Provision for Doubtful Accounts	43.240	40.293
PPE and Intangibles	197	1
Asset Sale Deferred Revenues	(181)	(180)
Lease discontinuation	-	(651)
<b>Adjustments to Profit (Loss) before taxes to reconcile with the cash flow</b>	<b>199.481</b>	<b>178.187</b>
Changes in assets	-	-
Accounts receivable	(50.659)	(50.175)
Judicial Deposits	7.033	613
Taxes Recoverable	(4.342)	2.041
Other Credits	7.316	(6.338)
Changes in liabilities		
Suppliers	(27.687)	13.541
Salaries and Payroll Charges	(58.769)	(25.839)
Taxes	194	2.996
Customer Advance	(28.312)	(24.124)
Others	931	2.535
	<b>45.186</b>	<b>93.437</b>
Taxes	(1.485)	(102)
<b>Net cash from operating activities</b>	<b>43.701</b>	<b>93.335</b>
Cash flow from investments		
Acquisitions	-	(1.321)
PPE acquisitions	(45.209)	(25.839)
Intangible acquisitions	(18.805)	(27.868)
<b>Net cash from investing activities</b>	<b>(64.014)</b>	<b>(55.028)</b>
Cash flow from financing activities		
Dividends	(60.000)	-
Debt downpayments	-	(3.983)
	(937)	-
Bonds (Debentures) downpayments	(57.082)	(41.152)
Lease downpayments	(53.553)	(51.760)
	-	(16.874)
<b>Net cash from financing activities</b>	<b>(171.572)</b>	<b>(113.769)</b>
<b>Increase (decrease) of cash and equivalents</b>	<b>(191.885)</b>	<b>(75.462)</b>
Cash and Equivalents		
At the beginning	714.800	928.205
At the end	522.915	852.743
<b>Increase (decrease) of cash and equivalents</b>	<b>(191.885)</b>	<b>(75.462)</b>





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